

House Republican Medicaid Cuts: All the Wrong Priorities

- **Republican Bill Taxes Poor to Give to Rich.** The House Republican Reconciliation bill cuts \$11.8 billion from the Medicaid program which provides health insurance to more than 50 million Americans. These cuts would require individuals with disabilities, low-income children, such as those with asthma, diabetes, spina bifida, or other illnesses to pay more for the care they need. Many on Medicaid are people who need medications to survive, or are elderly individuals residing in nursing homes. These Medicaid cuts also include provisions to make it easier for States to take away medically necessary benefits from chronically ill people, such as those with HIV/AIDS, mental illness, or diabetes, and other individuals with great medical needs. All of these cuts to health care for working families and medically frail or needy individuals are used in the Republican package to pay for additional tax cuts for the richest 0.2 percent of Americans who have already received an average of \$103,000 from tax cuts under the Bush Administration.
- **Cuts Medicaid Program At A Time of Great Need.** There are four million more Americans uninsured today than when President Bush took office in 2001; more Americans are uninsured today than ever before. The erosion of employer-sponsored coverage, increasing healthcare costs, and economic hardship have caused more and more families to rely on Medicaid for their care or their children's care. Without Medicaid, an additional 1.1 million would be uninsured since last year alone. In addition, Hurricanes Katrina and Rita have shown just how important Medicaid's role is in our Nation. Medicaid is the program that was immediately able to respond to the devastation and enroll tens of thousands for healthcare coverage.
- **States Are Already Facing Deep Cuts in Federal Financing.** Twenty-nine States had their Federal Medicaid funding reduced this year. In addition, 30 States will have Federal funding reductions next year. Together the reductions in 2006 and 2007 are the largest drop in Federal Medicaid funding in the history of the program. In addition, States are seeing their Medicaid funding cut as a result of the Medicare Prescription Drug legislation which requires them to pay the Federal Government each year for Medicare prescription drug coverage to low-income seniors. Finally, many States have enacted State legislation to curb Medicaid spending that has saved both the States and the Federal Government billions of dollars. This includes State legislation that has reduced prescription drug spending by encouraging appropriate use of generic medicines, legislation to better manage the care of individuals with chronic disease, and legislation to negotiate better prescription drug discounts with manufacturers. These changes save both Federal and State dollars. But in spite of the fact that States have by and large been efficient stewards of the program and that States are already facing Federal funding reductions, the Reconciliation package makes further cuts in Medicaid, directed at those least able to fend for themselves – the sick, the old, and the children.

- **Protects Industry Interests At Expense of Children, the Elderly, and Those With Disabilities.** The Department of Health and Human Services' Inspector General, the Government Accountability Office, and MedPAC have all identified areas where Medicare and Medicaid should reform payments to HMOs and drug companies to save taxpayer dollars, such as reforms to Medicare HMO payments and reforms to the Medicaid prescription drug program where drug companies are improperly paying their share of rebates. In fact, the Senate Republicans included some of these provisions that would save program dollars without harming beneficiaries. The House Republican bill, however, goes instead after the beneficiaries, making them pay more to get fewer benefits, taking away nursing home care from many low-income seniors, and forcing some elderly to give up their homes.